

## Message Text

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FM SECSTATE WASHDC

TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS IMMEDIATE

AMEMBASSY MOSCOW IMMEDIATE

USMISSION NATO IMMEDIATE

CINCPAC IMMEDIATE

S E C R E T STATE 041029

FOLLOWING TELEGRAM FROM CANBERRA DATED MARCH 1, 1974

SENT ACTION SECSTATE WASHDC INFO WELLINGTON IS REPEATED TO YOU:

QUOTE

S E C R E T CANBERRA 1242

DEPTO 35

PLEASE PASS TO ALL EAST ASIAN POSTS, MOSCOW, NATO, CINCPAC,  
AND ELSEWHERE AS APPROPRIATE

E.O. 11652: GDS

TAGS: OVIP (RUSH)

SUBJECT: ANZUS CONFERENCE WRAPUP

FOLLOWING CANCELS WELLINGTON'S 637 WHICH REPRESENTED EARLY  
UNCLEARED DRAFT LEFT WITH EMBASSY FOR INFORMATION. TEXT BELOW  
HAS BEEN REVIEWED AND CLEARED BY DEPUTY SECRETARY AND AMBASSADOR  
GREEN.

1. SUMMARY: ONE AND ONE-HALF DAY COUNCIL MEETING MARKED BY  
CONSTRUCTIVE, CANDID, WIDE-RANGING DISCUSSIONS AND EFFORT TO  
KEEP DIFFERENCES OF VIEW WITHIN COUNCIL AND AVOID MOST  
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CONTENTIOUS ISSUES. NZ NEVER RAISED SOUTH PACIFIC NUCLEAR  
FREE ZONE PROPOSAL, AND US PERCEPTIONS ON DEFENSE-RELATED  
ISSUES (DIEGO GARCIA, NUCLEAR POLICY, VIETNAM) WERE  
UNCHALLENGED. PERMANENCE AND IMPORTANCE TO GNZ AND GOA

OF ANZUS WAS CONSTANT REFRAIN, WITH KIRK STRESSING TREATY MUST BECOME MORE THAN SECURITY PACT. FURTHER PARLIAMENTARY EXCHANGES AMONG MEMBERS PROPOSED; GNZ AND GOA PRESSED FOR ANZUS SUPPORT OF REGIONAL COOPERATION; AT SAME TIME CONTINUED IMPORTANCE MILITARY EXERCISES AND CONSULTATIONS AMONG ANZUS PARTNERS STRONGLY REAFFIRMED.

2. REVIEW OF WORLD AND REGIONAL DEVELOPMENTS STRESSED NECESSITY FOR DEVELOPED NATIONS TO DEAL PROMPTLY AND FORCEFULLY WITH BASIC ECONOMIC PROBLEMS -- FOOD, FERTILIZER, ENERGY -- IN WAY THAT DID NOT DISADVANTAGE LDCS AND AVERTED SPECTRE OF MASS STARVATION AND ATTENDANT POLITICAL INSTABILITY. US APPLAUDED FOR CONTRIBUTING TO PRESENT DETENTE IN ASIA AMONG MAJOR POWERS; US IN TURN CAUTIONED OTHERS NOT TO CONCLUDE THAT ABSENCE OF IMMEDIATE SECURITY THREAT IN ASIA COULD LEAD TO MAJOR CHANGE IN SECURITY CONCERNS THERE OR MAJOR REDUCTIONS IN US MILITARY PRESENCE IN REGION, WHICH CONTINUES TO HAVE IMPORTANT DETERRENT ROLE. IN THIS CONNECTION, ALL MEMBERS AGREED ON CONTINUING VALUE OF SEATO AND FPDA WHICH HELP "HOLD LINE" WHILE NATIONS OF SOUTHEAST ASIA DEVELOP OWN RESOURCES AND DEFENSE CAPABILITIES. GOA AND GNZ SOMEWHAT MORE SANGUINE THAN US ABOUT PROSPECTS FOR SEA REGIONAL COOPERATION, ALTHOUGH ALL AGREED THAT REALIZATION OF REGIONAL INITIATIVES, SUCH AS ASEAN NEUTRALITY PROPOSAL, STILL YEARS OFF AND DEPENDENT ON ATTAINMENT GENUINE PEACE THROUGHOUT AREA (CAMBODIA, IN PARTICULAR, TERMED "VERY WORRISOME"). GNZ ESPECIALLY ANXIOUS TO ENSURE THAT JAPAN BE A MAJOR PARTICIPANT IN MULTILATERAL EFFORTS TO ASSIST SEA NATIONS, THEREBY HELPING TO OVERCOME ANTI-JAPANESE SENTIMENTS PREVALENT IN AREA AND SPEED JAPANESE ADJUSTMENT TO REGION. ELSEWHERE, KIRK, SECONDED LESS FERVENTLY BY WILLESEE (GOA), KEEN ON DEVELOPING AND PARTICIPATING IN CONSULTATIVE FORUMS ON SUB-REGIONAL BASIS, SUCH AS QUADRIPARTITE AGREEMENT (INDONESIA, PAPUA/NEW GUINEA, AUSTRALIA, AND NEW ZEALAND) AND  
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SOUTH PACIFIC FOR. END SUMMARY

(FOLLOWING REPRESENTS HIGHLIGHTS OF ANZUS DISCUSSIONS, IN APPROXIMATE ORDER OF PRESENTATION.)

#### SECTION I - GENERAL OBSERVATIONS

3. KIRK STRESSED IN HIS OPENING REMARKS THAT NEW ENVIRONMENT CREATED IN ASIA AS RESULT DETENTE AND NIXON DOCTRINE, PROVIDING NEW OPPORTUNITIES AND CHALLENGES FOR POLITICAL ACTION. NEW ZEALAND AS RICH WHITE NATION SOUGHT NEW RELATIONSHIP WITH REGION HELPING TO EXPLOIT THESE NEW OPPORTUNITIES. ONLY CONFRONTATION IN ANZUS ZONE WAS

PRC/SOV RIFT; THAT SPLIT WOULD CONTINUE FOR FORESEEABLE FUTURE; BUT IT CURRENTLY SERVED AS A STABILIZING FACTOR DURING PERIOD OF GRADUAL US WITHDRAWAL FROM AREA. KIRK FELT PRC REALIZED THAT SOVIET OPPORTUNITIES TO GAIN A FOOTHOLD IN REGION WOULD ONLY INCREASE IF PRC ADOPTED AN INTRANSIGENT STANCE. THIS ACCOUNTED FOR PRC CHOICE OF STATE RELATIONSHIPS OVER REVOLUTIONARY ETHIC WHENEVER COMPELLED TO DO SO, ALTHOUGH IN SE ASIA THERE REMAINS PRC "LINGERING SUPPORT FOR REVOLUTION."

4. IN KIRK'S VIEW, SOVIETS HAVE BEEN UNABLE TO ENTER AREA EFFECTIVELY. HE NOTED THE LONG-TOUTED COLLECTIVE SECURITY PACT HAS RECEIVED NO ANSWERING RESPONSE, WHICH INDICATED THE REGION WAS MOVING INWARDS. ON THE OTHER HAND, BILATERAL AND TRILATERAL TREATY RELATIONSHIPS, ANZUS AND US-JAPAN SECURITY TREATY SERVED AS STABILIZING ELEMENT, ACCEPTED BY PRC.

5. KIRK STRUCK DISMAL NOTE ON ECONOMIC SIDE, FEARED MILLIONS COULD DIE IN ASIA AS RESULT OF FERTILIZER SHORTFALLS, CITING SITUATIONS ESPECIALLY SERIOUS FOR INDIA, BANGLADESH AND PHILIPPINES. WHOLE SEA FACED POSSIBLE RECESSION DUE TO JAPANESE VULNERABILITY TO ENERGY SHORTAGES, KIRK SAID. KIRK SAW NEED TO STRENGTHEN JAPAN AND ITS ADJUSTMENT TO REGION. ANZUS NATIONS NEED TO CONCERN SELVES WITH SUCH THREATS MORE THAN WITH COLLECTIVE SECURITY ISSUES, PER SE.

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6. AUSTRALIAN FOREIGN MINISTER WILLESEE APPLAUDED US INITIATIVE ON PRC LEADING WAY TO DETENTE IN ASIA. BUT HE NOTED PRC IS STILL AN ENIGMA, "INTERESTING AND IMPONDERABLE." HE TALKED ABOUT PREVIOUS SEA ARGUMENT AGAINST PRC RECOGNITION - THE ALLEGIANCES OF THE OVERSEAS CHINESE. WHILE PRC HAD SOUGHT TO DISPEL ANY SUSPICIONS ON THIS SCORE, HE THOUGHT THERE WOULD BE LINGERING DOUBTS FOR SOME TIME, PERHAPS 20-40 YEARS. WILLESEE SAW PARACELS ACTION AS NO CHANGE OF POLICY, BUT AMBIVALENTLY ADDED IT COULD SIGNAL A TOUGHER LINE. AUSTRALIA HAD RECENTLY NOTED SOME "HARDENING" IN ITS BILATERAL RELATIONS WITH PRC. THE CHINESE WERE QUITE COMFORTABLE, IN HIS VIEW, WITH US TROOPS IN ASIA; THIS REFLECTED THEIR OVERALL FLEXIBILITY.

7. WILLESEE NOTED THAT MID-EAST CRISIS IMPACTED ON ANZUS, AND, IF IT WENT WRONG WAY, AUSTRALIA AND NEW ZEALAND COULD NOT STAY OUT. HE THEREFORE APPLAUDED "REMARKABLE STATESMANSHIP" OF US AND CRUCIAL ROLE OF US-SOVIET DETENTE.

8. RUSH UNDERSCORED THAT SUCCESS OF DETENTE POLICY DEPENDED ON MAINTAINING MILITARY STRENGTH AND NOT

ALLOWING FREE WORLD TO SLIP INTO POSITION OF MILITARY INFERIORITY. HE POINTED OUT THAT, WHILE SOVIETS HAVE CHOSEN DETENTE OVER CONFRONTATION, THIS DOES NOT INDICATE THEY HAVE ABANDONED GOALS OF DOMINATION. TRACING THE EMERGENCE OF THE SINO-SOVIET SPLIT, HE SAID THE CAUSES WERE DEEPLY ROOTED AND NOT LIABLE TO BE OVERCOME EASILY. COMMUNIST IDEOLOGY WAS ONLY A COVER FOR THE BASIC NATIONALIST DRIVES OF THE TWO COUNTRIES. SOVIETS GREATLY FEARED CHINESE NUCLEAR ARMS GROWTH BUT A STRIKE, WHILE POSSIBLE, WAS NOT PROBABLE. RUSH CONCLUDED THAT SINO-SOVIET FRICTIONS REMAINED A SERIOUS DANGER POINT TO WORLD PEACE AND, WHILE IT PERSISTED, WOULD BE AN OBSTACLE TO DISARMAMENT AND SALT.

## SECTION II - DEVELOPMENTS IN ASIA/PACIFIC REGION

9. DEPSEC OPENED DISCUSSION WITH REVIEW OF REGIONAL DEVELOPMENT, STRESSING CONTINUED CONFLICT IN CAMBODIA,  
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NVN PRESSURES IN VIETNAM, AND NEED TO BE ALERT TO POTENTIAL THREATS IN REGION. ADMIRAL GAYLER REVIEWED MILITARY CAPABILITIES IN REGION, PARTICULARLY OF USSR AND PRC, NOTING GROWING SOVIET NAVAL PRESENCE IN REGION. HE NOTED IMPORTANCE OF LAW OF SEA CONFERENCE AND USE OF STRAITS.

10. WILLESEE COMMENTED BRIEFLY, RAISING SERIES OF QUESTIONS RELATING TO FUTURE ROLE OF PRC AND JAPAN, "WORRISOME SITUATION" IN CAMBODIA, PROSPECTS OF SVN HOLDING OUT OVER THREE OR MORE YEARS, AND STAYING POWER OF PRESIDENT PARK. WILLESEE EXPRESSED OBVIOUS CONCERN OVER SITUATION IN INDONESIA. RIOTS DURING TANAKA VISIT, HE FELT, WERE SYMPTOMATIC OF REAL INTERNAL PROBLEMS, ONLY SEIZING ON ANTI-JAPANESE ISSUE AS CONVENIENT PRETEXT. (IN SHARP CONTRAST TO VIEWS EXPRESSED TO ASSISTANT SECRETARY INGERSOLL PREVIOUS WEEK, KIRK FULLY ACCEPTED THIS THEORY.) WILLESEE SAID DOMESTIC NATURE OF SUHARTO REGIME, ESPECIALLY PRISONERS ISSUE, GAVE GOA REAL PROBLEM BUT SUHARTO WARRANTED STRONG AUSTRALIAN SUPPORT UNDER PRESENT CIRCUMSTANCES.

11. NEW ZEALAND (FAULKNER) FOCUSED ON SOUTHEAST ASIA, RAPIDLY CHANGING SITUATION THERE, AND GROWING SELF-CONFIDENCE THESE NATIONS AND THEIR DETERMINATION TO DEVISE THEIR OWN SOLUTIONS AND SET THEIR OWN PACE. HE FELT THAT ANZUS NATIONS SHOULD FACILITATE SEA REGIONALISM FROM OUTSIDE THROUGH CONSULTATION, ASSISTANCE, AND, IN DEFENSE AREA, BY "HOLDING LINE" WHILE THESE COUNTRIES DEVELOP THEIR OWN RESOURCES AND DEFENSE CAPABILITIES. HE ECHOED AUSTRALIAN CONCERN WITH

INDONESIAN SITUATION, CONCLUDING THAT SUHARTO, DESPITE HIS SHORTCOMINGS, WAS A SUBSTANTIAL NATIONAL LEADER AND POTENTIAL REGIONAL ONE, AND ANZUS NATIONS SHOULD SUPPORT HIM.

12. ON PARACEL/SPRATLY QUESTION, RUSH NOTED THAT US DID NOT EXPECT FIGHTING TO DEVELOP IN SPRATLYS DUE TO DIFFERENT CIRCUMSTANCES AND GREATER POLITICAL COMPLEXITY OF SITUATION THAN IN PARACELS. US WAS NOT INVOLVED IN SPRATLY-PARACEL DISPUTES AND DID NOT INTEND TO BECOME  
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INVOLVED.

13. ON QUESTION OF JAPANESE REACTION TO ENERGY CRISIS AND FUTURE POLICIES IN SOUTHEAST ASIA, RUSH AND SNEIDER STRESSED IMPORTANCE OF ENCOURAGING JAPAN TO CONTINUE ITS MULTILATERAL APPROACH IN COPING WITH ITS ENERGY NEEDS. JAPAN HAD REACTED POSITIVELY TO REBUFFS SUFFERED DURING TANAKA TOUR OF SOUTHEAST ASIA AND WAS ENDEAVORING TO IMPROVE ITS IMAGE AND ITS AID PROGRAMS TO AREA. RUSH FELT THAT JAPANESE-SOVIET COOPERATION IN DEVELOPING TYUMEN OIL BASIN MIGHT FACE SERIOUS DIFFICULTIES BECAUSE OIL RESERVES THERE APPARENTLY MUCH LESS THAN FIRST THOUGHT.

14. RUSH AND CINCPAC DESCRIBED US POLICY IN INDOCHINA AND EXPRESSED BELIEF THAT MILITARY EQUILIBRIUM HAD TO BE ACHIEVED IN CAMBODIA BEFORE THERE WAS MEANINGFUL CHANCE OF NEGOTIATED SETTLEMENT. IN RESPONSE TO NEW ZEALAND QUERY, RUSH BELIEVED THAT PRC WAS PROBABLY LIMITING ITS SUPPORT OF KHMER COMMUNISTS, THAT IT WAS PRIMARILY INTERESTED IN PREVENTING SOVIETS FROM GAINING INFLUENCE, AND WAS NOT ANXIOUS TO FACILITATE ENHANCED NORTH VIETNAMESE INFLUENCE IN AREA EITHER.

### SECTION III - REGIONALISM AND REGIONAL ORGANIZATIONS

15. AUSTRALIA (WILLESEE) VIEWED ASIAN REGIONALISM AS PRIMARILY INDIGENOUS AFFAIR, DEPENDENT UPON ACCOMMODATION AMONG MAJOR POWERS, BUT PROCEEDING AT OWN PACE AND IN OWN WAY, EMPHASIZING INTERNAL DEVELOPMENT, E.G. NATIONAL RESILIENCE, AND GROWING INTRA-REGIONAL COOPERATION. HE OUTLINED AUSTRALIAN CONCEPT OF AN ASIAN-PACIFIC ORGANIZATION OR ASSOCIATION, A CONCEPT WHICH HE ACKNOWLEDGED WAS NEBULOUS AT PRESENT, WOULD TAKE LONG TIME TO MATURE AND BE ACCEPTED, BUT WHICH WAS IN ACCORD WITH PROPOSALS BY SEVERAL ASIAN LEADERS (MARCOS, MALIK) AND WOULD PROVIDE MEANS FOR DRAWING JAPAN, PRC, DRV INTO CONSTRUCTIVE PARTICIPATION IN AFFAIRS OF REGION. SIMILARLY, AUSTRALIA SUPPORTS OTHER REGIONAL CONCEPTS AND DECLARATIONS (E.G. ASEAN NEUTRALITY AND INDIAN OCEAN

ZONE OF PEACE DECLARATIONS) WHICH WERE STILL FAR FROM  
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REALIZATION BUT WHICH WERE FORWARD LOOKING AND SHOULD  
BE GENTLY PUSHED ALONG.

16. DEPSEC DESCRIBED AMERICAN SUPPORT FOR REGIONAL  
COOPERATION AND INITIATIVES, ENCOURAGED LEADING AUSTRALIAN/  
NEW ZEALAND ROLE IN DEVELOPING THESE INITIATIVES, PLEDGED  
CONTINUED US PARTICIPATION IN ADB AND AID CONSORTIA,  
OBSERVED THAT REALIZATION OF SEA REGIONAL PROPOSALS DEPENDENT  
UPON ATTAINMENT GENUINE PEACE THERE AND MEANWHILE FPDA AND  
SEATO, AS MODIFIED AT NEW YORK MEETING, COULD PLAY PRIMARY  
AND USEFUL ROLE.

17. NEW ZEALAND (KIRK AND FAULKNER) FELT THAT WITH  
DISAPPEARANCE OF IMMEDIATE MILITARY THREATS IN REGION  
(A CONTENTION WHICH WAS CHALLENGED BY CINCPAC), CLIMATE  
HAD RADICALLY ALTERED AND WAS PROPITIOUS FOR GREATER  
REGIONAL COOPERATION. KIRK PLACED EMPHASIS ON COORDINATED,  
COMPLEMENTARY DEVELOPMENT OF NATIONS WITHIN REGION, DRAWING  
ON JAPANESE ECONOMIC STRENGTH AND IN PROCESS DEVELOPING  
SOUTHEAST ASIAN CONFIDENCE IN JAPAN. BASED ON THESIS  
THAT TO WORK TOGETHER, NATIONS MUST FIRST COME  
TOGETHER, NZ PROPOSED BROAD RANGE OF CONTACTS AMONG  
ELECTED OFFICIALS OF ASIAN AND/OR PACIFIC COUNTRIES,  
SIMILAR IN CONCEPT TO APU BUT INVOLVING MORE FREQUENT,  
CONCRETE DISCUSSIONS.

18. KIRK SAID COLLECTIVE SECURITY ARRANGEMENTS WERE NO  
LONGER OF INTEREST TO SEA. WHILE RECOGNIZING PRACTICAL  
DIFFICULTIES OF ASEAN "ZONE OF PEACE" PROPOSAL, HE VIEWS  
IT AS A DESIRABLE GOAL. OTHER SECURITY ARRANGEMENTS--SEATO  
AND FIVE POWER DEFENSE ARRANGEMENTS --WERE USEFUL DURING  
TRANSITIONAL PERIOD.

19. US (RUSH) CHALLENGED KIRK ON ABOVE AND INQUIRED  
WHETHER NZ CONCEPT OF ASIAN REGIONALISM WAS COMPLEMENTARY  
TO ITS TIES OUTSIDE REGION (WITH US, WESTERN EUROPE) OR  
WOULD TEND TO SUPPLANT IT. HE NOTED THAT JAPAN WAS OPTING  
FOR GLOBAL RATHER THAN PURELY REGIONAL APPROACH, IN  
CONTRAST TO ITS PREVIOUS, DISASTROUS "CO-PROSPERITY"  
SCHEME.

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20. US (AMB GREEN) COMMENTED ON VAST IMPROVEMENTS IN  
PAST 20 YEARS IN TREND TOWARD ASIAN REGIONALISM.  
NEW LEADERSHIP ATTITUDES, EXCHANGE PROGRAMS, TRADE AND  
TRAVEL HAD MADE MORE IMPORTANT CONTRIBUTIONS TO

REGIONALISM THAN REGIONAL INSTITUTIONS. WHILE BARRIERS REMAINED (DIVIDED COUNTRIES, PRC SUSPICIONS OF REGIONAL ORGANIZATIONS), MUCH GREATER LEVEL OF CONTACTS WITHIN AND OUTSIDE REGION, EXCHANGE PROGRAMS, AND ECONOMIC AID AUGURED WELL FOR THE FUTURE. HE FELT THT CONCEPT OF COLLECTIVE GROUPING OF NON-ALIGNED NATIONS IN SOUTHEAST ASIA WOULD RECEIVE QUANTUM JUMP IF STABLE CEASEFIRE ARRANGEMENTS OBSERVED IN INDO-CHINA, AND THAT THIS WOULD REPRESENT MAJOR BREAKTHROUGH.

21. QUADRIPARTITE AGREEMENT: NZ PRESSED FOR PROPOSED GROUPING AMONG ITSELF, AUSTRALIA, INDONESIA, AND PAPUA NEW GUINEA AS FORUM FOR POLTIICAL DISCUSSIONS AND AS HALF-WAY HOUSE FOR ASIA/PACIFIC CONNECTION. AUSTRALIA HESITANT TO PUSH FORWARD ON PROPOSAL UNTIL PNG INDEPENDENT. KIRK NOTED 4-POWER GROUPING WAS CONCEIVED AS SUBSTITUTE FOR INCLUSION INDONESIA IN SOUTH PACIFIC FORUM WHICH HE OPPOSED AS GOI WOULD OVERPOWER SMALL NATIONS IN GROUP. KIRK THOUGHT SOUTH PACIFIC FORUM WOULD ALSO FACILITATE POLITICAL DISCUSSIONS AND CONTACTS AND THUS PROMOTE REGIONALISM IN THAT AREA. ON OTHER HAND, HE VIEWED SOUTH PACIFIC COMMISSION AS NEEDING REVAMPING AND REDIRECTION AND DESCRIBED SOUTH PACIFIC CONFERENCE AS HAVING BEEN DISCUSSION BODY WITH NO IMPACT.

#### SECTION IV - ECONOMIC OUTLOOK

2. THERE WAS AN EXTENDED DISCUSSION ON THIS SUBJECT. WILLESEE UNDERLINED SERIOUS ECONOMIC SITUATION CONFRONTING WORLD AND AREA ECONOMICS NOT ONLY IN 1974 BUT ALSO IN LONG TERM. POINTING OUT GRAVE RISKS OF COUNTRIES GOING IT ALONE A LA FRANCE, HE EMPHASIZED NEED TO APPROACH SUCH PROBLEMS ON COOPERATIVE BASIS; HE ENDORSED U.S. INITIATIVES IN THIS AREA BUT THOUGHT INSTITUTIONAL AVENUES IN UN SHOULD BE FULLY EMPLOYED. WILLESEE WAS CLEARLY WORRIED ABOUT IMPACT ON JAPAN (HE COULD NOT SEE HOW IT COULD ESCAPE ENERGY CRUNCH) AND ITS VITAL SECRET

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IMPORTANCE TO AUSTRALIAN ECONOMY. HE ALSO THOUGHT THE SITUATION WOULD BRING NIGHTMARES TO THE DEVELOPING WORLD -- AN EVENT ARABS HAD OVERLOOKED -- AND POSED ESPECIALLY GRAVE PROBLEMS FOR AID PROGRAMS. IN CONCLUDING, WILLESEE STRESSED TREMENDOUS POLITICAL AND STRATEGIC SIGNIFICANCE OF SEVERE ECONOMIC DISRUPTIONS IN ASIA. AGAIN, JAPAN WAS CITED. HE DREW SPECIFIC LINK BETWEEN PERILOUS ECONOMIC SITUATION, RISING POLITICAL TENSIONS, AND THE BURDENS OF SECURITY.

23. RUSH COMMENTED AUSTRALIAN ANALYSIS WAS VERY SIMILAR TO OUR OWN, THOUGH WE THOUGHT GREAT DEAL COULD BE DONE TO OVERCOME ENERGY PROBLEMS PARTICULARLY; COOPERATION

BETWEEN PRODUCERS AND CONSUMERS; ELIMINATING WASTE; DEVELOPMENT OF ALTERNATIVE SOURCES, ETC. GIVEN TIME, WE COULD SOLVE THESE PROBLEMS. RUSH PREDICTED THERE WOULD BE AN ECONOMIC LEVELING OFF IN THE U.S. BUT NO RECESSION. THERE WOULD BE A SIMILAR LEVELING-OFF IN THE REST OF WORLD. HE WAS PARTICULARLY CONCERNED ABOUT PLIGHT OF LDCS, WHERE DEVELOPMENT AND AID PROGRAMS WOULD BE UNDERMINED BY BALANCE OF PAYMENT DEFICITS. HE ALSO POINTED TO CRITICAL DANGERS OF BARTER DEALS INVOLVING MUNITIONS WHICH COULD LEAD TO ARMS RACES AND THE POSSIBILITY OF DESTRUCTION AND SOCIAL UPHEAVAL.

24. PM KIRK GAVE LONG GLOOMY PROGNOSIS OF WORLD ECONOMIC SITUATION. HE SAID UNLESS WE MOVED DECISIVELY FREE WORLD FACED ECONOMIC COLLAPSE AND ONLY WINNER WOULD BE

SOVIET UNION (THE LEAST AFFECTED BY THE ENERGY CRISIS) AND COMMUNISM. HE RECALLED THAT, IN SIMILAR CIRCUMSTANCES IN PAST, WORLD HAD RELIED ON BOLD AMERICAN INTERVENTION AND LEADERSHIP AND US ROLE NEEDED NOW AND IN FUTURE.

25. ON PHILOSOPHICAL PLANE, KIRK OPINED THAT NEW CRISIS WOULD FORCE MODIFICATION OF GROWTH RATE THEORY, WHICH IN TURN MUST LEAD WESTERN COUNTRIES TO AN ACCEPTANCE OF CONTROLLED LEVELS OF CONSUMPTION AND HIGHLIGHTING OF MORE HUMANISTIC VALUES. OTHERWISE, HE FORESAW A CASUAL RELATIONSHIP OF (A) HIGHER PRICES (E.G. OIL) (B) GREATER  
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FLows OF RESOURCES TO ADVANCED AS OPPOSED TO POORER COUNTRIES (C) INCREASED STRAINS IN WORLD ENVIRONMENT AND (D) MORE FERTILE GROUNDS FOR COMMUNISM. IN HIS VIEW, THIS WAS GREATEST CHALLENGE TO DEMOCRACIES OF FREE WORLD. KIRK WAS DEEPLY WORRIED ABOUT LDCS. HE PARTICULARLY STRESSED FERTILIZER SHORTAGE, ITS ADVERSE AFFECT ON FOOD PRODUCTION, AND CONSEQUENT FEAR OF MASS STARVATION BEGINNING THIS YEAR. HE FORESAW DIRE POLITICAL CONSEQUENCES UNLESS SOMETHING DONE TO HELP CRITICAL AREAS, ESPECIALLY IN INDIA, BANGLADESH, AND PHILIPPINES. HE THEREFORE BELIEVED WORK OF WORLD FOOD CONFERENCE MUST START SOON AND COME TO GRIPS WITH THESE ISSUES.

SECTION V - SECURITY AND DISARMAMENT ISSUES.

26. DEPUTY SECRETARY REVIEWED US POLICIES IN THESE AREAS, DEVELOPMENTS IN SALT AND MBFR NEGOTIATIONS, AND PROSPECTS FOR A COMPREHENSIVE TEST BAN. IN RESPONSE TO QUERY ON LATTER ITEM, HE DOUBTED CTB NEGOTIATIONS WOULD BE COMPLETED SOON DUE TO CONTINUED NECESSITY FOR ON-SITE INSPECTION ARRANGEMENTS. KIRK EXPRESSED APPRECIATION



FOR RECENT WASHINGTON BRIEFING OF US NUCLEAR POLICIES, AND AUSTRALIA INQUIRED AS TO REACTION OTHER COUNTRIES TO THE NEW "SCHLESINGER DOCTRINE". MR. RUSH REPLIED THAT DOCTRINE NOT NEW NOR DOES IT REPRESENT BASIC CHANGE IN US POLICY, RATHER IT INCREASES US OPTIONS, PROVIDING US GREATER FLEXIBILITY. HE NOTED SOME CONCERN BY OTHER NATIONS THAT THIS MIGHT THIS MIGHT PROVOKE US-SOVIET ARMS RACE; US DID NOT FEEL THIS WOULD OCCUR; AND IN FACT OUR MORE FLEXIBLE DETERRENCE POLICY MIGHT HELP STIMULATE SOVIETS TO REACH AGREEMENT ON SALT.

27. ADMIRAL GAYLER, WHILE ACKNOWLEDGING THERE NO IMMEDIATE PROSPECT OF SOVIET OR CHINESE ATTACK, POINTED OUT THAT SOVIETS OR CHINESE MIGHT BE TEMPTED TO USE TACTICS OF INTIMIDATION AND THREAT TO PURSUE THEIR GOALS IN ASIA; US PRESENCE IN AREA THEREFORE CONTINUED TO SERVE AS DETERRENT. CINCPAC BELIEVED THAT GOA/GNZ REFERENCES BY OUR ALLIES TO "SUPERPOWER RIVALRY" TENDED TO EQUATE US WITH SOVIET UNION, AND BLUR FUNDAMENTAL DISTINCTION  
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BETWEEN MOTIVES AND ACTIONS IN ASIA OF TWO COUNTRIES. THIS WAS DISSERVICE BOTH TO US AND TO ANZUS CAUSE.

28. COMMENT: NEW ZEALAND DID NOT RAISE SUBJECT OF SOUTH PACIFIC NUCLEAR FREE ZONE. THERE HAD BEEN EXTENSIVE SPECULATION IN LOCAL PRESS THAT THIS WOULD BE PROMINENT THEME AT MEETING. HOWEVER, NZ CHANGE OF HEART -- IN RESPONSE TO AUSTRALIAN AND US REPRESENTATIONS -- WAS SIGNALLED AT MONDAY MEETING OF COMMUNIQUE DRAFTING COMMITTEE WHERE NEW ZEALAND RELUCTANTLY AGREED TO DELETION ANY REFERENCE TO SUBJECT IN COMMUNIQUE.

THE FUTURE OF ANZUS

29. THE PERMANENCE AND IMPORTANCE TO NEW ZEALAND AND AUSTRALIA OF ANZUS WAS A CONSTANT REFRAIN THROUGHOUT THE COUNCIL MEETING. KIRK EMPHASIZED THAT ANZUS HAD BECOME MORE THAN SECURITY PACT. WHILE HE RECOGNIZED CONTINUAL NEED FOR MILITARY ASPECTS, HE SAID ANZUS SHOULD FORCE MORE ON REGIONAL COOPERATION; AND THAT THERE WAS A NEED TO BUILD POLITICAL RELATIONS AND CONSULTATIONS IN DEPTH WITHIN ANZUS AND BETWEEN ANZUS AND REST OF REGION. NZ ALSO PRESSED FOR INCREASED EXCHANGES AT ALL LEVELS, ESPECIALLY PARLIAMENTARY EXCHANGES. KIRK THOUGHT THIS WAS IMPORTANT IF WE WERE TO ENTRENCH THE IDEA AND SPIRIT OF ANZUS IN RESPECTIVE SOCIETIES. RUSH STATED THAT WE HAVE PARLIAMENTARY EXCHANGES AT PRESENT, BUT BECAUSE THE UNITED STATES IS A CONSTITUTIONAL AND NOT A PARLIAMENTARY DEMOCRACY, IT WAS NOT PRACTICAL TO HAVE THEM ON A GOVERNMENT-TO-GOVERNMENT BASIS. HOWEVER, THE

US SUPPORTED THE PRINCIPLE OF SUCH EXCHANGES. THERE WAS GENERAL AGREEMENT THAT THIS WOULD HAVE TO BE PURSUED THROUGH OTHER CHANNELS. AUSTRALIAN SUGGESTED MEETINGS OF FOREIGN AFFAIRS COMMITTEES; NEW ZEALAND AGREED, AND RUSH SAID WE WOULD EXPLORE THIS PROPOSAL WITH CONGRESS. RUSH ALSO INDICATED THAT WE WOULD LIKE TO REVIVE THE ANZUS OFFICIALS TALKS AND TO CONTINUE ANNUAL COUNCIL MEETINGS.

30. ON THE MILITARY SIDE, AUSTRALIA (ADMIRAL SMITH)  
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THOUGHT MILITARY TALKS WERE OF GREAT BENEFIT AND SHOULD BE MAINTAINED. HE ALSO REFERRED TO THE IMPORTANCE OF JOINT EXERCISES, SUCH AS KANGAROO I. RUSH COMMENTED THAT WE WELCOME AND SUPPORT SUCH ACTIVITIES. FAULKNER ADDED NZ WOULD LIKE TO EXTEND MILITARY TALKS TO THE STAFF LEVEL AND STRONGLY ENDORSED SHORT TERM ATTACHMENTS OF MILITARY UNITS AMONG ANZUS PARTNERS.

31. UNLIKE EARLIER ANZUS MEETINGS, THE DISCUSSIONS THIS YEAR WERE MUCH LESS PRO-FORMA, WERE WIDER RANGING, AND REFLECTED CERTAIN DIFFERENCES WHICH WE DID NOT HAVE WITH PRECEDING ANZ GOVERNMENTS. MOREOVER ANZUS THIS YEAR, FOR THE FIRST TIME, WAS NOT HELD ON THE HEELS OF SEATO CONFERENCE AND OVERSHADOWED BY IT.  
RUSH  
UNQUOTE CASEY

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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** ADS  
**Document Unique ID:** 00  
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**Enclosure:** n/a  
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**From:** STATE  
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**Image Path:**  
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**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09 APR 2002 by ifshinsr>; APPROVED <27 JAN 2003 by GolinoFR>  
**Review Markings:**

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US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
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**TAGS:** OVIP, (RUSH)  
**To:** ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS  
MOSCOW  
NATO  
CINCPAC  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005